Health Care Reform Coordinating Council

Reform Implementation Update

July 11, 2011

MARYLAND

Affordable Care Act Provisions Already in Effect

- ❑ **Insurance Market Reforms**
- ❑ **Federal High Risk Pool**
- ❑ **Prescription Drug Discounts**
- ❑ **Small Business Tax Credits**

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Federal High Risk Pool

MHIP
Maryland Health Insurance Plan

MHIP FEDERAL

- Launched Sept. 2010 with $85 million in federal funds through 2013
- Eligibility criteria: citizen or legal resident uninsured for 6 months with pre-existing condition
- Premiums set by Congress at 100% market average rates

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MHIP Federal

- Enrollment over 400, with 77% growth over first six months and projections up to 3,500 through 2014.

- Maryland at mid-point nationally, with higher enrollment than more than half of all states with federal high risk pools.

- Recent analysis showed critical importance of program, with many enrollees depending on their insurance for treatment of serious illness, *e.g*. cancer and organ transplants.

MHIP
Maryland Health Insurance Plan

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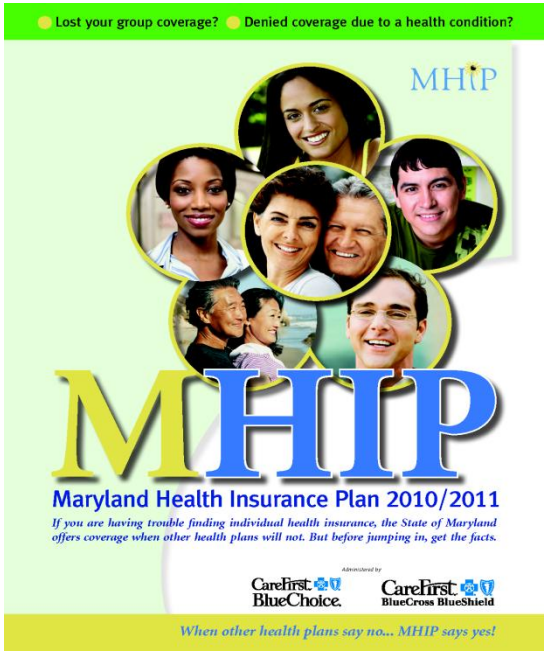
MHIP Standard and MHIP+



✓ Success of Maryland's own high risk pool (MHIP Standard and MHIP+) may be affecting enrollment in MHIP Federal.

✓ Over 20,000 members, with 4,500 in MHIP+, which provides a subsidy for low income enrollees (≤ 300 FPL).

✓ Pre-existing condition waiting period of 6 months; premium rates set by General Assembly between 110-150% of market average rates.

✓ MHIP Standard funded by premiums (30%) and hospital assessments (70%).

✓ MHIP+ funded by federal grant; FY 2012 federal budget could reduce grant by 20%.

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MHIP Federal

Efforts to Increase Enrollment

- ✓ **Recently approved low-income subsidy**
- ✓ **Multifaceted marketing and outreach campaign, including use of social media**
- ✓ **Coordination of outreach resources with CMS**
- ✓ **Enrollment into MHIP federal at MHIP standard point of entry**
- ✓ **Targeted enrollment approach with focus on disease prevalence and public health**
- ✓ **Partnerships with DHMH, Baltimore Healthcare Access, hospitals and other providers**

MHIP
Maryland Health Insurance Plan

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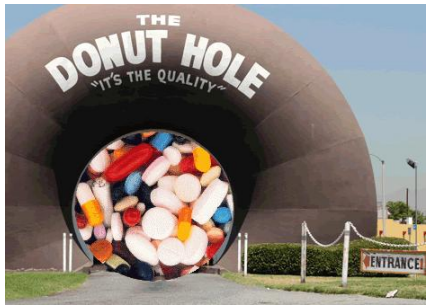
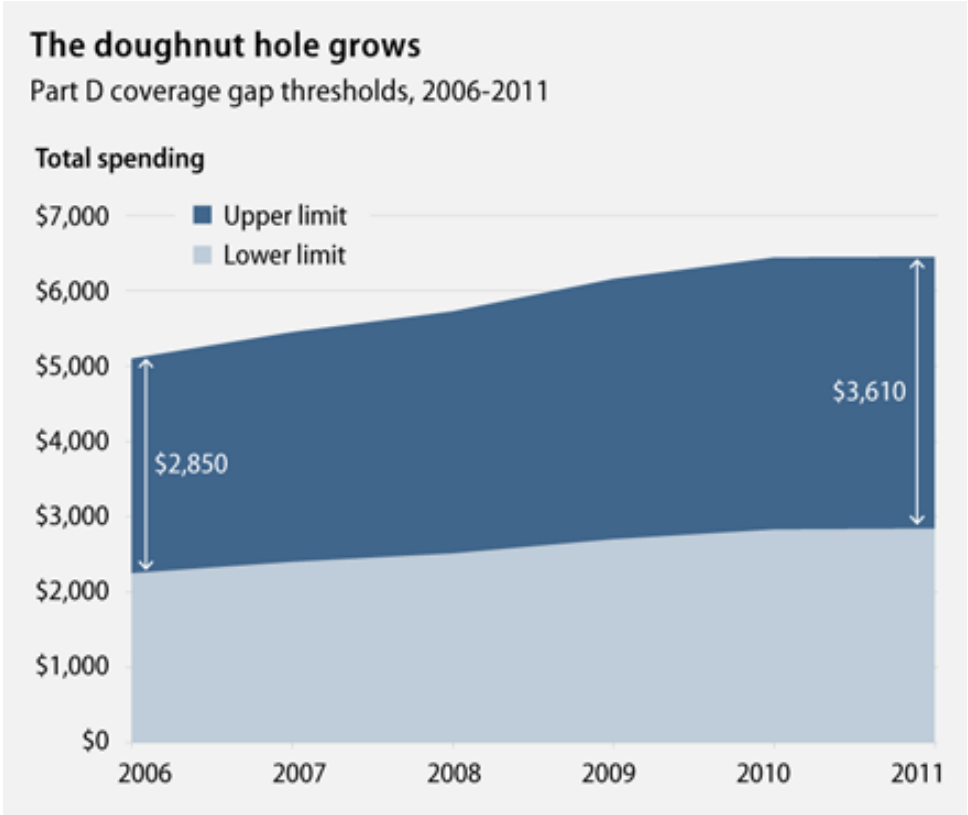
Prescription Drug Discounts: Closing the Donut Hole

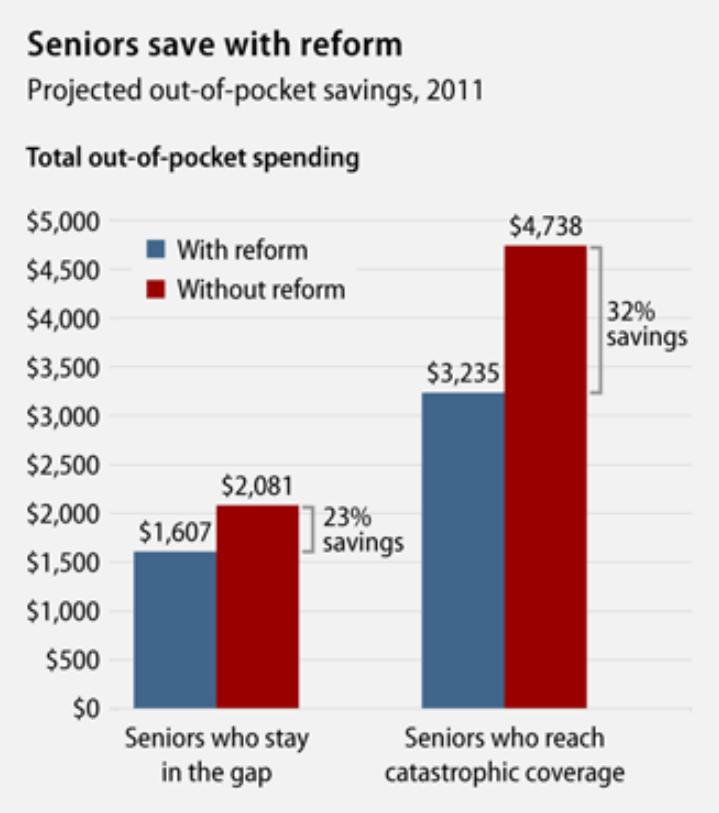
Medicare Part D's coverage gap, or "donut hole," is projected to grow to more than $6,000 by 2020.





Projected 2011 Savings Nationally

Affordable Care Act provides phased-in discounts on drugs for seniors in the Medicare Part D coverage gap, gradually closing the donut hole by 2020.



- In 2011, 50% discount on name-brand and 7% discount on generic drugs will save seniors in donut hole on average **$553,** or 23% of out-of-pocket spending.

- Seniors reaching catastrophic levels of spending will save on average **$1,500**, or one-third of out-of-pocket spending.

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2011 Discount Drug Data: First Six Months

- ✓ **480,000** Medicare Part D beneficiaries fell into donut hole;
- ✓ 76% increase in eligible beneficiaries in May alone;
- ✓ 4 million projected to be eligible for discounts by end of year;
- ✓ Individuals saved on average **$545**;
- ✓ Total savings of **$260 million**;
- ✓ Majority of discounted drugs for serious conditions, *e.g*. $36 million for cancer drugs; $21 million for cardiac-related conditions; $20 million for diabetes.

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

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Savings to Maryland Seniors

2010

54,723 Maryland seniors in the donut hole received a tax-free **$250** rebate.

In first 6 months of 2011:

- **7,545** seniors fell into donut hole;
- Received discounts on 26,424 prescription drug events;
- Saved an individual average of **$534**;
- Saved a total of **$4.03 million.**

2011-2020

Drug discounts projected to save Marylanders **$400 million**.

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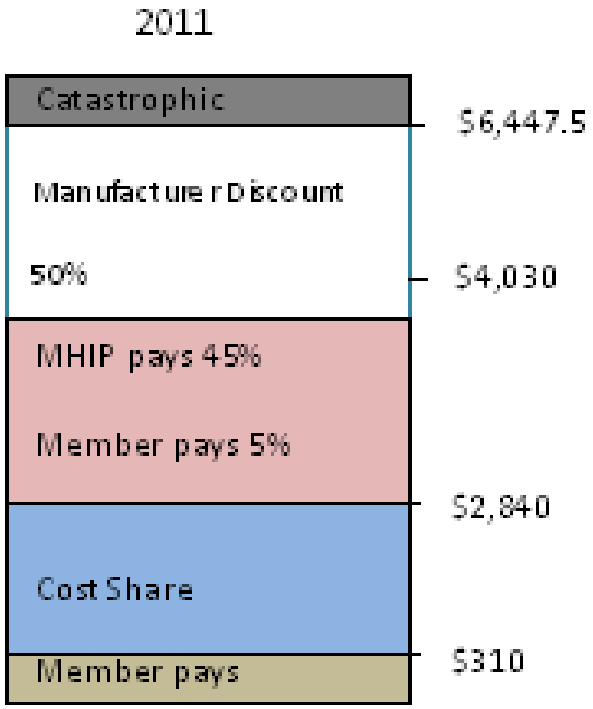
Maryland's Senior Prescription Drug Assistance Program (SPDAP)

- ✓ Medicare Part D enrollees ≤300% FPL; 3,200 enrollees expected to fall into coverage gap
- ✓ $35 premium subsidy; $6.5 million in 2010
- ✓ In 2009-10, maximum coverage gap subsidy of $1,200; $3 million total in 2010.
- ✓ Since January, 2011, SPDAP covers 45% of drug costs in donut hole ***after*** ACA 50% discount



Small Business Tax Credits

2010-2014
Employers with:

- ❑ Fewer than 25 employees;
- ❑ Average salaries less than $50,000;
- ❑ Greater than 50% contribution to employees' insurance premiums;
- ❑ Can receive up to **35%** of their contribution

Tax-exempt Employers

- ❑ Eligible for up to 25% of contribution until 2014, and 35% thereafter;

2014
Employers meeting criteria can:

- ❑ Receive up to **50%** of their premium contribution;
- ❑ Through the Health Benefit Exchange;

Tax-exempt Employers:

- ❑ Eligible for up to 35% of contribution;

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Tax Credit Outreach Campaign

Small Business Tax Credits

Your Healthy Bottom Line

CareFirst BlueCross BlueShield

66,000 Eligible Employers

A collaborative effort among the nonprofit, government and business communities to educate small business owners about the federal tax credits available to companies that offer health care to employees.

HEALTH CARE for All

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2011 General Assembly Session

✓ Senate Bill 183/House Bill 170 – Insurance Protections

✓ Senate Bill 182/House Bill 166 – Health Benefit Exchange

✓ Senate Bill 514/House Bill 450 - Community Health Resources Commission Technical Assistance

✓ Senate Bill 416/House Bill 709 - Local Health Department Contracting for Delivery of Health Care Services

Local Health Department Contracting

Public Health
Prevent. Promote. Protect.

Health Officers - Authority to Enter into Contracts or Agreements for Delivery of Health Care Services (SB 416/HB 709)

- Sponsored by Council members, Senators Middleton and Kasemeyer

- Authorizes Local Health Departments to enter into contracts to provide services in their communities they might not otherwise be able to offer, including dental care, home health, behavioral health, family planning, and maternal and child home visitation.

- As we move forward with delivery system innovation, the unique outreach, patient education, surveillance, disease prevention and management capabilities of LHDs could be important adjuncts for private clinical providers in new care delivery models which seek to establish more comprehensive primary, behavioral and chronic disease care.

MARYLAND RURAL HEALTH ASSOCIATION

MARYLAND

Technical Assistance for Safety Net Providers

Maryland Community Health Resources Commission – Health Care Reform – Implementation (SB 514/HB 450)

- Sponsored by Council members - Senators Middleton and Kasemeyer and Delegates Hammen and Hubbard

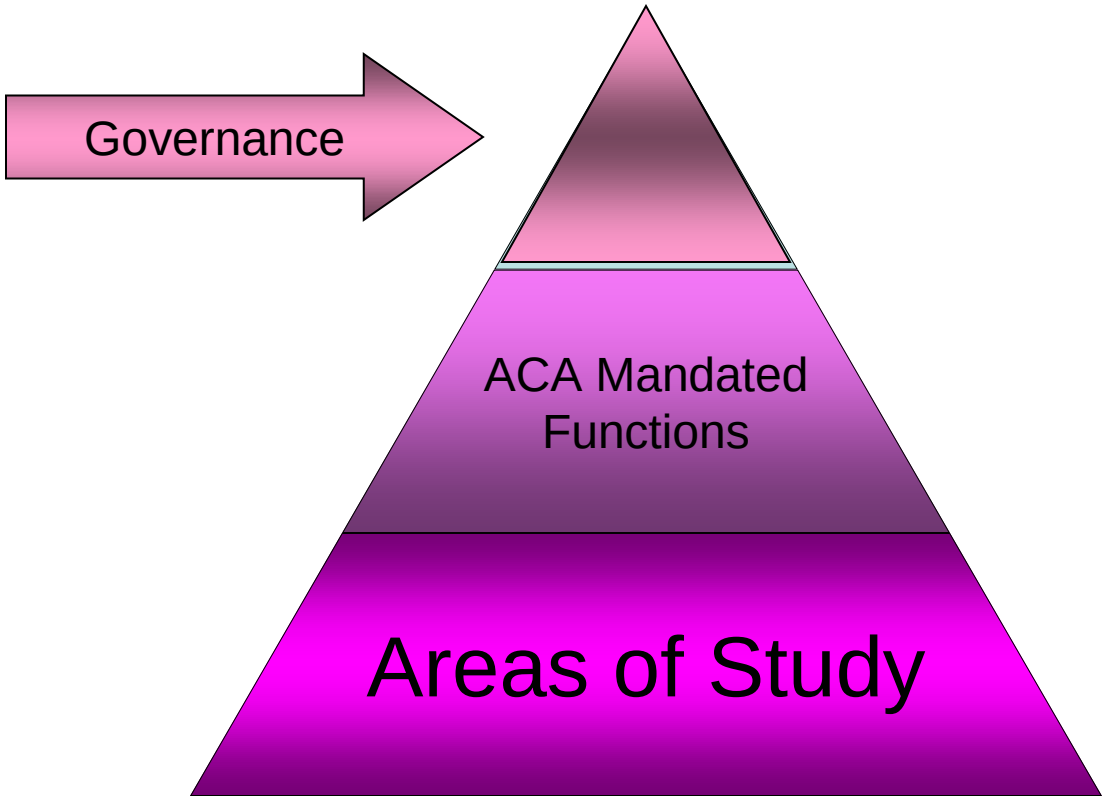
- Authorizes the MCHRC to assist community health and safety net providers in preparing to implement federal health care reform. MCHRC must assess needs and challenges, determine what technical assistance could be made available, and develop a plan for the State to assist community health resources in sustaining and enhancing their service delivery in a post-reform environment.

- Report and recommended plan due January 1, 2012.

Senate Bill 182/House Bill 166

Maryland's Health Benefit Exchange

Bill Divided Into Three Parts



Governance

Hybrid Model:
Public Corporation

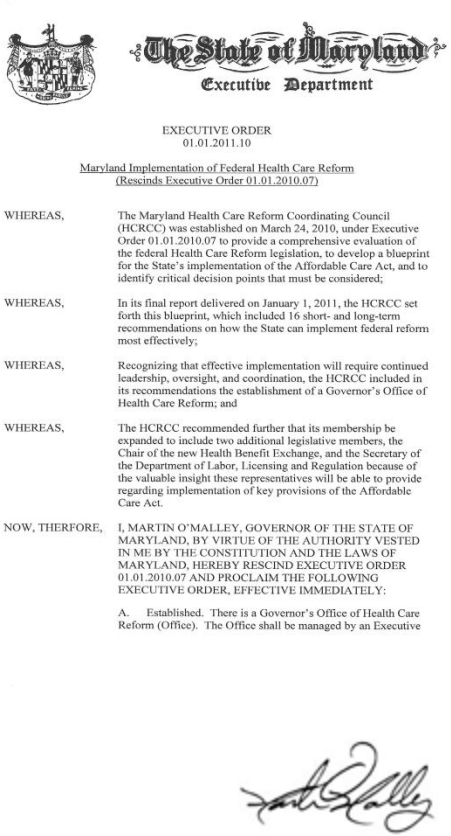
- Transparency, openness, and accountability of government
- Hiring and contracting flexibility of private sector

REQUIRED AREAS OF STUDY

- Market rules inside and outside Exchange
- Navigator and consumer assistance program
- SHOP Exchange
- Communications and Marketing
- Financial model
- Transformation to nonprofit

MARYLAND

Executive Orders – June, 2011



The State of Maryland
Executive Department

EXECUTIVE ORDER
01.01.2011.10

Maryland Implementation of Federal Health Care Reform
(Rescinds Executive Order 01.01.2010.07)

WHEREAS, The Maryland Health Care Reform Coordinating Council (HCRCC) was established on March 24, 2010, under Executive Order 01.01.2010.07 to provide a comprehensive evaluation of the federal Health Care Reform legislation, to develop a blueprint for the State's implementation of the Affordable Care Act, and to identify critical decision points that must be considered;

WHEREAS, In its final report delivered on January 1, 2011, the HCRCC set forth this blueprint, which included 16 short- and long-term recommendations on how the State can implement federal reform most effectively;

WHEREAS, Recognizing that effective implementation will require continued leadership, oversight, and coordination, the HCRCC included in its recommendations the establishment of a Governor's Office of Health Care Reform; and

WHEREAS, The HCRCC recommended further that its membership be expanded to include two additional legislative members, the Chair of the new Health Benefit Exchange, and the Secretary of the Department of Labor, Licensing and Regulation because of the valuable insight these representatives will be able to provide regarding implementation of key provisions of the Affordable Care Act.

NOW, THERFORE, I, MARTIN O'MALLEY, GOVERNOR OF THE STATE OF MARYLAND, BY VIRTUE OF THE AUTHORITY VESTED IN ME BY THE CONSTITUTION AND THE LAWS OF MARYLAND, HEREBY RESCIND EXECUTIVE ORDER 01.01.2010.07 AND PROCLAIM THE FOLLOWING EXECUTIVE ORDER, EFFECTIVE IMMEDIATELY:

A. Established. There is a Governor's Office of Health Care Reform (Office). The Office shall be managed by an Executive

01.01.2011.09 - Health Quality and Cost Council

✓ **Continue Maryland's efforts to address the quality and cost of healthcare by enhancing the role of the Council;**

✓ **Include a focus on health disparities and strategies for collecting and disseminating patient-centered outcomes.**

01.01.2011.10 - Health Care Reform Coordinating Council

✓ **Expand the Council to add two legislative members, the ED of the Health Benefit Exchange, and the Secretary of DLLR**

✓ **Establish the Governor's Office of Health Care Reform**

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FOUNDED 1634